

Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 CIAE-00 DODE-00

INRE-00 INR-05 SP-02 PRS-01 L-01 EB-03 H-01 SSO-00

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC NIACT IMMEDIATE 0000

C O N F I D E N T I A L TEGUCIGALPA 3845

LIMDIS

E.O. 11652: GDS

TAGS: EINV, EAGR, HO

SUBJECT: U.S. POSITION ON BANANA CONCESSION CANCELLATION

1. EMBASSY WOULD APPRECIATE CLARIFICATION WITH REGARD TO APPARENT DIFFERENCE BETWEEN TWO MEMORANDA OF CONVERSATION ON THE BANANA ISSUE. IN AN UNDATED MEMO OF CONVERSATION BETWEEN MINISTER SAN MARTIN'S GROUP WHICH VISITED WASHINGTON IN EARLY AUGUST AND DEPUTY ASSISTANT SECRETARY RYAN, IT IS STATED ON PAGE 2, THAT "AMBASSADOR RYAN STATED THAT THE POSITION OF THE UNITED STATES ON EXPROPRIATION WAS CLEAR - WE RESPECT THE RIGHT OF SOVEREIGN COUNTRIES TO TAKE PROPERTY PROVIDED IT IS DONE IN ACCORDANCE WITH RECOGNIZED STANDARDS OF INTERNATIONAL LAW." THIS, IN ESSENCE, IS THE POSITION EMBASSY HAS TAKEN WITH THE LOCAL PRESS.

2. HOWEVER, IN A MEMO OF CONVERSTATION DATED AUGUST 20 BETWEEN CHARLES BURROWS OF CASTLE & COOKE, AND AMBASSADOR RYAN, PAGE 2 CONTAINS THE STATEMENT THAT "AMBASSADOR RYAN TOLD MR. BURROWS THAT IN ONGOING DISCUSSIONS HERE BETWEEN THE HONDURAN BANANA COMMISSION AND DEPARTMENTAL OFFICERS TWO WEEKS AGO, THE DEPARTMENT HAD TOLD THE COMMISSION THAT WE CONSIDERED THAT CANCELLATION OF THE CONCESSION AGREEMENTS WAS AN ACT OF EXPROPRIATION WHICH WOULD REQUIRE PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION."

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MR. BURROWS "EXPRESSED HIS PLEASURE THAT THE DEPARTMENT'S

POSITION HAD BEEN EXPLAINED TO THE HONDURAN COMMISSION."

3. EMBASSY IS UNAWARE OF ANY DEPARTMENTAL DETERMINATION TO DATE THAT THE GOH'S CANCELLATION OF THE BANANA CONCESSIONS IS REGARDED BY THE USG AS EXPROPRIATION. IS THE AUGUST 20 MEMORANDUM TO BE CONSIDERED A MORE ACCURATE STATEMENT THAN THE EARLIER ONE AND, IF SO, WAS THIS POSITION IN FACT CLEARLY CONVEYED TO MINISTER SAN MARTIN? IF MINISTER SAN MARTIN AND CASTLE AND COOKE HAVE DIFFERING CONCEPTIONS CONCERNING THE U.S. POSITION, SERIOUS MISCALCULATIONS ON BOTH SIDES ARE EASILY FORSEEABLE.

4. EMBASSY VIEWS THIS POSSIBILITY WITH IMMEDIATE CONCERN BECAUSE OF THE IMMINENT NEGOTIATIONS SCHEDULED TO BEGIN SEPTEMBER 5 BETWEEN THE COMPANIES AND THE GOVERNMENT. EMBASSY WOULD APPRECIATE AN EARLY CLARIFICATION OF OUR OFFICIAL POSITION.
SANCHEZ

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, NATIONALIZATION, POLICIES, BANANAS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 SEP 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEGUCI03845
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750304-0818
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750986/aaaacyql.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2003 by KelleyW0>; APPROVED <05 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S. POSITION ON BANANA CONCESSION CANCELLATION
TAGS: EINV, EAGR, EPAP, HO, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006